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ABSTRACT

Many efforts to implement a results-based framework for public programs have been marred by confusion about terms and basic definitions, and difficulty in identifying appropriate results and performance measures. This guide is intended to help planners identifying program results and indicators and tie them to an established planning, budgeting, and management system in funding for public education and other children's projects. The guide presents key characteristics of an effective results and indicators list, important steps in developing this list, and potential problems that a jurisdiction may face in establishing results and indicators and collecting data to measure them. Part One of the guide discusses the movement toward results-based accountability and presents the rationale for connecting results to budgets. Major shortcomings of current budget systems are outlined as well as the task of selecting results and indicators in the context of an overall strategic shift to a results-based system. Part Two defines basic terms and creates a common vocabulary. This part describes a results and indicators list not only as a product, but as a process that creates a framework for fundamental change in the way that jurisdictions allocate resources. This section concludes with key characteristics of an effective results and indicators list that are used to inform discussion in the rest of the guide. Part Three raises nine key implementation questions that jurisdictions need to ask in order to build a politically credible, sustainable, and dynamic process. The section draws on the experiences of several states, counties, and cities to illustrate problems, choices, and solutions. The guide's brief concluding section offers a summary of main points. Contains 19 references. (LBT)

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A GUIDE TO SELECTING RESULTS AND INDICATORS:

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Implementing Results-Based Budgeting

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A GUIDE TO SELECTING

RESULTS AND INDICATORS:

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Implementing

Results-Based Budgeting

May 1997

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Prepared For

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PREFACE

Public financing for education and an array of other children's services has become a topic of significant interest and political concern. Growing skepticism among a critical mass of American voters and taxpayers has fueled doubts about the ability of government to solve problems and provide basic supports and services that enhance the quality of life in their communities. Many believe government is too big, that it's too expensive, and that it doesn't work very well.

Despite steadily increasing public expenditures for health, education, welfare, human services, and public safety over the past two decades, seemingly intractable problems persist. Nearly a quarter of the children in the U.S. are poor and live in families and communities that are unable to meet their basic needs. Schools have become increasingly expensive, but student achievement has not matched the rising costs and dropout rates remain unacceptably high. Health care costs continue to go up, yet many Americans can't get the services they need, and with each passing year their health care dollars buy less. Criminal justice demands a dramatically increasing share of public dollars—for police officers, judges, and jails—but neighborhood streets don't seem any safer.

Voters have spoken clearly. They want more for their money—more and better services, yes, but also balanced budgets and cuts in income and property taxes. After more than a decade of chronic deficits, they want government at all levels to operate more effectively and efficiently. They don't want to dismantle government, but rather they want government to meet vital public needs and make a more visible difference in their lives.

Elected officials and other policy makers have responded to public concern and dissatisfaction by focusing more explicitly on the results of the programs and initiatives that they develop and fund. Reformers have sought to redefine the missions of public programs and agencies, to modify how services are delivered, to measure how well government programs and agencies are performing, and to feed information about performance back into planning, budgeting, management, and accountability systems. While the federal government's National Performance Review and its initiatives to "reinvent government" may be the most prominent examples of this focus on results, there are countless other efforts at the state and local levels that span the divisions of ideology, political party, and the executive and legislative branches of government.

Focusing on results is particularly important for programs and policies serving children and their families. The future well-being of the nation is obviously tied to children's healthy development. Yet policy makers and citizens alike may be inclined to reduce their commitment to critical supports and services without strong evidence that these investments yield results that society cares about, such as healthy children, children succeeding in school, strong families, and safe homes and neighborhoods.

Unfortunately, many of the efforts to implement a results framework—for public programs generally, as well as those targeted to children and their families—have been marred by confusion about terms and basic definitions, insufficient political understanding and support, the difficulty of identifying appropriate results and performance measures, and the challenges of overhauling existing planning, budgeting, and management systems. Policy makers trying to implement results-based systems have enthusiastically set out in many different directions, but often without a particular destination or a map to help them get there.

The Finance Project, established by a consortium of national foundations, conducts an ambitious agenda of policy research and development activities to improve the effectiveness, efficiency, and equity of public financing for education and other children's services. Among these efforts, is assisting with the important work of achieving and measuring important outcomes for children, their families, and the communities in which they live. To guide its work

in this area, The Finance Project created a Working Group on Results-Based Planning, Budgeting, Management, and Accountability Systems.

Under the direction of the working group, a *Strategy Map for Results-Based Budgeting* was designed as a road map for those desiring to incorporate results in their planning and budgeting systems. The *Strategy Map* defines results, indicators, and performance measures and offers a framework for choosing them. It describes the products and competencies required for designing and putting into place a results-oriented budgeting system and discusses lessons from existing initiatives to define, measure, and achieve results. It suggests how to build political and community support, how to reallocate resources and tie them to results, how to integrate results-based budgeting into an existing budgeting process, and how to avoid common pitfalls. It serves as a framework for a series of papers and tool kits for creating results-based planning and budgeting systems that are under development by The Finance Project: a guide to results and indicators, a guide to performance measures, a tool kit on children's budgets, and a paper presenting a cost-of-failure/cost-of-bad-results prototype and analysis.

This paper, *A Guide to Selecting Results and Indicators*, is one of the tools that the *Strategy Map* spawned. It draws on the experiences of several states, cities, and counties to help guide others through the tasks of identifying results and indicators and tying them to an established planning, budgeting, and management system. It lays out key characteristics of an effective results and indicators list, the important steps in developing this list, and the potential problems that a jurisdiction may face in establishing results and indicators and collecting the data to measure them.

The paper was prepared by Atelia I. Melaville, an independent consultant who has researched and written extensively on strategies to improve results for children and their families. She and I would like to recognize Bonnie Armstrong, Cheryl Bailey, Janet Bittner, Laurie Dopkins, Randy Franke, Mark Friedman, Bev Godwin, Charles Hall, Scott Johnson, Jason Juffras, Linda Kohl, Marge Leffler, Ted Mable, Jacqueline McCroskey, Susan Roth, Gaye Smith, Karen Stanford, Marvin Weidner, Becky Winslow, Lyle Wray, and Duncan Wyse. The information that they provided and their helpful and constructive comments are reflected in the paper that follows.

Cheryl D. Hayes
Executive Director

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INTRODUCTION

The rationale for this series is played out thousands of times each day in hospitals and birthing centers around the country. The scene is familiar: parents meeting their newborn child for the first time. Despite the endless combinations of personal circumstances, cultures, and religious beliefs that these families represent, the rush of emotions they experience is remarkably similar. There is wonder (he's so perfect!); anticipation (who will she be?); and, finally, quiet determination and a profound sense of accountability. It is the moment when every parent makes a silent promise to his or her child to make sure that they have what they need to grow up healthy and strong, and to develop their special gifts in their own unique way.

A Guide to Selecting Results and Indicators is one in a series of working papers produced by The Finance Project to help communities and governments, in partnership with families and neighborhoods, make sure that the essential conditions of success are in place for every child. It is aimed at the growing number of states, cities, counties, and communities ready to move beyond good intentions and vague promises to the goal of measurably improving results. The series begins with a conceptual overview: *A Strategy Map for Results-Based Budgeting: Moving From Theory to Practice.*[1] Subsequent working papers offer specific guidance to help communities forge agreement on the results that they consider most important and to develop the tools that they need to link decisions about budgets, programs, and policies to a politically credible set of community expectations.

This document is the second paper in this series. It is intended, in part, to show the hard and gritty work required to bridge the gap between a conceptual approach to results-based budgeting and its implementation. It draws on the stories of nearly a dozen states, counties, and cities which have been going the distance on a daily basis. While this small sampling reflects much of the best activity under way across the country, many more initiatives not discussed here are doing equally important work. The Finance Project welcomes comments from readers of this series about other initiatives and strategies, and solutions and innovations, that might be shared in future publications.

Readers will quickly note that this is not a step-by-step guide. As the experience of these jurisdictions attests, there is no one right way to go about the job of selecting results and indicators, or any one set of results and indicators, that is best. But there is a great deal that communities can gain from work that has already been done. The Finance Project is grateful for the willingness of these pioneers to share what they have learned through trial and error, as well as their successes. Their stories put life in the boxes on the strategy map on page 9 and they show what is required to move from one "functional plateau" to another.

Part One of this document gives an overview of the movement toward results-based accountability and lays out the rationale for connecting results to budgets. It outlines the major shortcomings of current budget systems and discusses the task of selecting results and indicators in the context of an overall strategic shift to a results-based system. Part Two defines basic terms and creates a common vocabulary. It describes a results-and-indicators list not only as a product, but as a process that creates a framework for fundamental change in the way that jurisdictions allocate resources. The section concludes with the key characteristics of an effective results-and-indicators list that are used to inform the discussion in the rest of the guide. Part Three raises nine key implementation questions that jurisdictions need to ask in order to build a politically credible, sustainable, and dynamic process. It draws on the experiences of several states, counties, and cities to illustrate problems, choices, and solutions. A brief concluding section offers a "short list" summary of basic points.

PART ONE:

MOVING TOWARD RESULTS—AN OVERVIEW

The movement toward results-based accountability reflects decades-long experience by states and localities to answer some key questions: What do we want for our children? What are the basic conditions of well-being that all children must have to make the most of their potential? Whose job is it to create these conditions? How will we know if we've got them? And, finally, how do we pay for them?

Getting to these questions has not been easy. They have grown out of the frustration that communities and governments at all levels have felt as they have watched seemingly intractable problems grow more severe. Despite the continuing input of substantial public and private resources by dozens of public and private agencies, too many communities have seen test scores and high school completion rates decline, child poverty worsen, and children harmed by premature parenting, substance abuse, and violence.

As they have struggled to find out how they could be trying so hard and yet accomplishing so little, states, counties, cities, and communities that are interested in reform have come to several important realizations. Together, these ideas have begun to radically change the way that we think about what we want for our children and how we design, finance, and evaluate services.

- First, the most intractable problems facing our children are interrelated. Fragmented solutions need to be pieced together into comprehensive strategies.
- Second, states and communities need to focus more attention on what is happening to children, families, and communities than on what agencies and programs are doing to and for them.
- Third, government and public agencies need to work in partnership with families, community organizations, and the private sector in order to set new directions and see real improvement.
- Finally, we need to decide on the most important results we want for our children, measure our success in achieving those results, and then use that know-how to make better decisions about what we pay for.

The heart of results-based accountability lies in this last idea. If results are things that matter to the long-term well-being of society, then how do we connect them to the work of actually deciding how we use our resources?

The Rationale for Connecting Results to Budgets

Up until recently, most reform efforts designed to improve results for children and families have focused primarily on service delivery. Much attention has been given to the elements of effective services and supports, and the way in which existing services could be packaged more comprehensively in order to better meet the needs of children and families. There is growing recognition, however, that these changes cannot be made without simultaneous changes in the way that states and localities finance innovations and manage their budgets.

All budgeting is about dividing up available resources to do certain things. Results-based budgeting refers to a budget process that directly connects resource allocation to specific, measurable results selected by broad-based agreement among government and citizens. It is a process in which budgets are used to drive progress and leverage accountability, rather than simply to maintain the status quo.

Limitations of Current Budget Systems[2]

To a large extent, our current budget systems suffer from and contribute to many of the same limitations that plague service delivery systems. Most public budget processes are:

- **Shortsighted**: One and two-year funding cycles encourage short-term solutions. The effects of spending decisions—not to mention the costs of failing to provide effective solutions to specific problems—are seldom tracked over multiple budget cycles. In most budget offices, there is neither the time nor the inclination to develop information systems that support long-term strategic planning. As a result, budget systems do little to encourage comprehensive, long-term investments in children, families, and communities.

- **Fragmented**: A myriad of funding committees shepherd their own set of agencies and programs through the budget process, with very little information or interest in what one another is doing. This approach makes it difficult to make comprehensive and coherent funding decisions that maximize the impact of expenditures in given areas.

- **Focused on inputs rather than results**: Current budget systems and their information systems are designed to track how much agencies and programs spend and what they do, rather than whether they are making tangible improvements in the lives of children and families. Budget departments ask if programs are well run, but the departments have little way of knowing if the programs are making any difference.

Why Shifting to Results-based Budgeting Makes Sense

We make budgets to make sure that we can pay our way. But the question that current budget systems fail to ask is: Pay our way to where? Our inability to answer this question has helped to create palpable anger and resentment among citizens who feel overtaxed and underserved. One professional observer of attitudes toward government commented recently: "What drives people wild with frustration is the lack of responsiveness, a feeling of being ignored, misunderstood, exploited, and played upon like a pack of fools."[3] Voters don't just want more services for less money, they want some things done much better. And they are angry with a government that seems to offer so little help in making reasoned choices.

Elected officials are frustrated as well with "the paradox of programs claiming success while conditions get worse"[4] for too many children, families, and communities. True, there is every incentive for people who face re-election every two to six years to shy away from supporting long-term investments that might not bring any immediate political payoff. But, to a large extent, elected officials are hamstrung by the lack of strategic tools needed in order to make better decisions on behalf of their constituents. Legislators too often end up micro-managing because much of the information that they have at their disposal delivers up administrative minutiae rather than cogent analysis of broad trends and emerging issues.[5] A system of results-based budgeting can begin to supply policy-makers with the tools that they need to respond more effectively to what communities want as well as provide them with the political support that is needed to make tough choices.

Using a Strategy Map

If results are things that matter to the long-term well-being of our society, how do we connect them to the work of actually deciding on how we use our resources? A variety of states and localities are exploring this question and learning from each other. Their experience

underscores the fact that moving from a system based on problems and measured by inputs to one based on results is a complex, multi-year undertaking.

One way to approach an undertaking of this magnitude is to devise a strategy map: a format that lays out the implementation of a complex effort over time. As the diagram on page 9 suggests, states and localities need to move toward results-based accountability on several tracks, refining their competency and the sophistication of their products as they go along. First, they must decide what results they want to achieve and how they will measure their progress. Second, they must develop better decision-making tools for tracking progress, expenditures, and the costs of bad results, and then decide on strategies that will achieve the results they want. And, finally, they must develop a more effective process for using results to make key funding decisions.

This guide focuses on the uppermost track—selecting results and indicators. The final adoption of a politically credible list creates a framework within which the work on each of the other tracks can proceed. Most directly, selection of results and indicators leads to the creation of the first of several essential decision-making tools, an indicators report.

As the strategy map shows, the specificity and utility of this tool will develop over time. In many communities, an indicators report will begin as an annual, "single point in time" status report. Using a constantly evolving framework of results and indicators, such a report can be expanded to include baselines and forecasting data. Eventually, monthly or quarterly reports may be developed to show progress toward "turning the curve" on key indicators in positive, long-term directions.

PART TWO:

THE FUNDAMENTALS OF A RESULTS-AND-INDICATORS LIST: DEFINITIONS AND ESSENTIAL CHARACTERISTICS

Defining Terms

Developing a results-and-indicators framework is an ongoing, collaborative effort that requires both technical rigor and political acumen. In any such collaboration, clear communication based on shared language is a rock-bottom necessity.

In the early stages of thinking about moving toward results-based budgeting, language issues may seem minor. Shakespeare wrote that "a rose by any other name would smell as sweet." To some extent, the same can be said of results, whether they are called outcomes, results, or benchmarks. All these terms are used to mean the same thing: a basic condition of well-being that people agree they want to achieve.

Communication, however, gets much more difficult when people actually start using these terms in strategic planning and budgeting. This is especially true as additional terms are added to the mix—like indicator, performance measure, outcomes budgets, targets, goals, and so on. The best guideline is to agree on working definitions in advance and to use them consistently. When this has not been done and confusion builds, do not hesitate to recognize and address the problem.

- In Hampton, Virginia, participants involved in selecting results and indicators were all talking about the same ideas, but they were using different vocabularies developed in prior work with other groups. Each person was used to thinking and talking in his or her own "language." Over time, these verbal preferences had taken on a sense of rightness that made them hard to give up. When members of the group finally realized how often they were having to interrupt each other to ask, "What you really mean is...?", they decided that "even smart people needed to learn." A subcommittee was established in order to develop a list of common working

definitions. The full group talked out their issues, and a common lexicon for results-based work was adopted throughout city government.

- Separate vocabularies also make it more difficult for jurisdictions working on results-based budgeting to learn from one another. The jurisdictions described in this guide all use the same basic concepts of results-based budgeting, but use different terms to describe them. Georgia refers to "benchmarks," Minnesota talks about "milestones," while Rochester uses "outcomes." So, in order to make sure that we are all speaking the same language, the next section lays out the key terms and definitions used in the rest of this guide.

Result

A "result" is a bottom-line condition of well-being for children, families, or communities. It is a broadly defined, fundamental condition that government and citizens consider essential for all its members. One such bottom-line expectation of the community might be that all of its children should be born healthy. Another might be that all children should enter school ready to learn. A third might be that young people should make a smooth transition to adulthood. Results are umbrella statements that capture the comprehensive set of needs that must be met to achieve success. By definition, achieving these basic conditions of success requires concerted action by all sectors of the community.

Some states and communities use the term "outcome" instead of "result." The meaning is the same. However, we prefer to use the term "result" because it is a less jargon-like and more everyday term, and because it avoids potential confusion with unrelated debates about outcomes-based education.

Indicator

With respect to developing a results-and-indicators framework, we define an indicator as a measure, for which we have data, that gauges community-level progress toward agreed-upon results. Because results are broad statements of what communities want for their children, no single indicator is likely to signal full attainment of any given result. For example, Rochester's Change Collaborative agreed that reducing the incidence of low-birth-weight babies, improving prenatal care, and reducing the number of births to teen mothers would effectively track progress toward the result of healthy births. Communities must decide what constellation of indicators add up to progress on each result and then require a community-wide, cross-agency effort.

Some initiatives, borrowing from the corporate sector, use the term "benchmark" when speaking about "indicator." Here, too, we opt for simplicity and ease of usage. Because "benchmarking" is a term of art in the corporate world and can mean different things to different people, we favor the term "indicator."

What Results and Indicators are Not

In order to use these key terms, and the concepts they imply with precision, it is important to distinguish them from other commonly used terms that have very different meanings. An important example is the term "performance measure." It is often confused with the word "indicator," even though its meaning vis-a-vis "results-based budgeting" is not the same.

Performance Measure

Performance measures reflect the achievement of agencies and specific programs. As such, they gauge progress at the agency level rather than at the community level. Appropriate performance measures are closely related to an agency's mission and purpose, and are within its ability to control. They are narrow measures of how well programs operate with their

service populations as part of a larger strategy to achieve results for the whole population. Examples of performance measures are the number of welfare mothers placed in job training programs, or the rate of timely child welfare investigations.

Failing to distinguish between community-level and agency-level measures of progress can make adopting a results-indicator framework decidedly more difficult. The first challenge is to define the best—and relatively few—indicators for each broad result in which multiple segments of the community have a part to play. Defining and measuring the exact contributions to be made by individual agencies and programs is an entirely separate process. It is essential, however, that the two processes be closely coordinated and that agency-level measures reflect actions that will help achieve community-wide results-and-indicators. How to craft performance measures within a results-and-indicators framework is discussed in another document in the *A Guide to Developing and Using Performance Measures in Results-Based Budgeting*.

A Framework for Change

A results-and-indicators list is the linchpin of results-based budgeting. All the other activities and decision-making tools that are necessary to build a results-based system flow from its basic premises. Calculations of current expenditures, as well as the costs of continuing current trends are made on the basis of agreed-upon results and indicators. Interventions and programmatic strategies are determined by research into "best practices" that show clear evidence of impact on key indicators. And, ultimately, decisions about where to direct dollars are made on agencies' demonstrated ability to produce results.

A results-and-indicators list is both a product and an ongoing process. As a product, it stands as a clear, manageable, and politically credible set of the most important results that a community wants for its children. It provides a framework leading to budget tools that establish baselines and track progress in each area on a regular basis. In short, it acts as a compass for policy-makers and civic leaders to use in strategic planning, and it provides them with basic tools for linking planning to budgets.

As a process, adopting a results-and-indicators list engages government and community in an ongoing conversation about their expectations for children and families, and how limited resources should be used. It establishes a relationship based on shared responsibility for what happens to the community's children and families, while at the same time it provides a mechanism for fairly distributing institutional accountability. Its continual revision reflects changing community priorities and ensures that the most compelling and statistically reliable set of indicators is used to measure progress.

Characteristics of an Effective Results-and-Indicators List

As states and localities work to adopt a results-and-indicators list, they should keep both product and process in mind. Experience suggests that the most effective frameworks are manageable, coherent, persuasive, strength-based, politically credible, and responsive to local variation. These six characteristics should inform the final list of results-and-indicators, as well as the process that creates it and keeps it alive.

- **Manageable**: As one private-sector leader involved in developing a results-and-indicators framework put it: "What I want is something I can carry around in my pocket and use." The number of results and indicators should be small enough to summarize community expectations in key areas on a single page if possible—and to require no more than a reasonable outlay of resources to track on a frequent basis.

- **Coherent**: Taken together, the results and indicators that form the framework should convey a simple but complete picture of community expectations. The selection of the results and indicators should suggest comprehensive, cross-cutting strategies. In

a well-designed list, the relationship between each result and each indicator is clear and unambiguous, and the conceptual distinctions between results and indicators, and performance measures, are clearly defined and consistently used.

- **Persuasive**: An effective list should ring true and make sense to people. Results should reflect the basic conditions that everyone—regardless of income, race, ethnicity, or religion—wants for children and families. Indicators should capture the most "common sense" measures of whether we are reaching the desired results. The language used should be as simple and as brief as possible. The response it should call forth is: Yes!
- **Strength-based**: The tone and presentation should emphasize the importance of positive youth development and long-term investment strategies, as well as short- and long-term remediation.
- **Politically credible**: To become a useful budget tool, a results-and-indicators list must be recognized as a legitimate statement of what an entire community—not just its government or public agencies—thinks is essential for children and families. At the same time, the list must be owned and embraced by the executive and legislative institutions responsible for setting public policy and financing its activities.
- **Responsive**: Whether a list is developed by a state or locality, it must be of value to a wide variety of users. It should allow for local variation and should use indicators that can be measured with sub-state data whenever possible.

PART THREE:

ADOPTING A FRAMEWORK: KEY IMPLEMENTATION QUESTIONS

Negotiating a Results-and-Indicators Framework

In recent months and years, many state, county, and local jurisdictions have developed results-and-indicators frameworks. Some are beginning the long-term challenge of incorporating them into their systems. A combination of factors have affected both the process and the substance of their efforts. As in any collaborative undertaking, not the least of these have been the people involved, the resources available to them, the needs of their communities, and the prevailing social, economic and political climate in which they have taken place.

Regardless of where and how they begin, initiatives working to adopt a politically credible set of results and indicators face a similar set of questions about how to proceed. In the following section, we address several key implementation issues. Many of these questions raise overlapping, rather than entirely separate and distinct, issues. Bearing in mind the characteristics of an effective results-and-indicators list, we lay out possible strategies in each area and draw on the experience of states and localities to illustrate problems, choices, and solutions.

Question #1: Who's in Charge?

The work of developing an effective results-and-indicators framework needs an "institutional champion"—a policy-level body that sets broad direction and expectations for the project, makes whatever decisions are necessary to ensure that the final product "makes sense," and formally adopts the final list. This oversight body must have the political clout and legitimacy that are necessary to connect the work done in developing results and indicators to

an overall strategy for shifting to results-based budgeting. The authority and membership of this body are critical.

Ideally, the oversight body in charge of adopting a community-wide set of results and indicators is authorized by both the executive and legislative branches of state or local government. Its membership draws from both majority and minority parties, and it represents a diverse group of civic, corporate, and government leaders, as well as representatives of consumer groups. The best "institutional champions" are those that are able to stay in business long enough and to accumulate enough political capital to manage a complex, long-term change strategy. Formal standing in state law, buy-in from both sides of the aisle, and strong private-sector and community participation are the best guarantees of sustainability. In short, an effective oversight body should aim for standing within both the executive and legislative branches of government; bipartisan support; and a broadly inclusive membership.

- A good example of the sustainability possible in this kind of "hybrid" oversight body is the Oregon Progress Board. Created by the legislature in 1989 to translate "Oregon Shines," the state's long-term strategic plan, into measurable results and indicators of progress, it was conceived by the Governor as "the long-term caretaker of the state's strategic vision."[6] It was designed as a nine-member public/private citizen's body, chaired by the Governor and subject to biannual reauthorization. The Progress Board is currently being chaired by its third Governor and is in its third legislative cycle.

Not all efforts to develop results and indicators are overseen by institutions so fully formed as this. Political credibility and sustainability are possible, but more difficult to achieve, in initiatives lodged solely in the executive or the legislative branch. Where initiatives do enjoy both executive and legislative authority, this has often evolved over time.

- In Vermont, work on results and indicators is firmly lodged in the executive branch of state government. It is overseen by a cabinet-level group within the Agency for Human Services (AHS)—an eight-department, consolidated bureau responsible for a broad array of children's services—and its interagency State Team for Children and Families, composed of senior-level staff from each AHS department and the Department of Education. Operating without statutory authority, the state team has seen its work gain momentum and political capital, in part from close collaboration between the executives of both departments as well as their well-publicized efforts throughout the state to promote comprehensive children's services.[7]

- The Georgia Policy Council for Children and Families began life as a citizen's panel appointed by executive order. Its 21 members were widely drawn from government, business, advocacy, and political circles, but it had no assurance of continuation beyond the current Governor's tenure. In 1994, the panel released its five-point plan for improving results for the state's children and families, which built on the findings of a variety of reform efforts. It simultaneously called for the creation of a state-level policy council with the "responsibility and authority to define the results to be achieved, to implement the needed strategic policy and systems changes, and to monitor process."[8] Work went ahead to develop results and indicators while legislative efforts were launched to anchor the Council in statute. In 1995, the Georgia Assembly passed the Georgia Policy Council for Children and Families Act. It created a permanent state body that adopted and has continued the work begun by the initial group.

It is also not entirely necessary that framework efforts be located within government. In some cases, community collaboratives, United Ways, and other civic and non-governmental organizations are developing results and indicators. However, without institutional

participation and governmental sanction, establishing community-wide credibility is much more difficult.

- In Lamoille County, Vermont, People in Partnership (PIP), is an umbrella group that aims to provide a unified voice for families and providers. PIP has been successful in encouraging service providers to pool funding and engage in joint training. But, says the group's coordinator, "There's a perception that because we're not an official nonprofit organization or bureaucracy, that we're not legitimate."[9] Even though the group has made substantial headway in devising a local framework to shape priorities—using Vermont's State Team efforts as a guide—after 10 months, broad-based community support is still developing.

Question # 2: Who Does the Work?

A working group needs to manage the process of selecting results and indicators, identifying data measures, and making recommendations to the oversight body for review, comment, and eventual approval. On a day-to-day basis the group must introduce discipline into what can be a daunting political and technical task. The work is politically daunting because difficult decisions must be made about what results and indicators should be recommended. It can be technically challenging, because the data necessary to measure progress are scattered across dozens of public agencies at various governmental levels. An effective working group needs technical expertise to help identify and evaluate complex and often conflicting data; skillful leadership to facilitate the process and keep it moving; and adequate staff to support work that is extensive and exacting.

Working groups vary widely in the number and kind of people they involve. Initiatives in Los Angeles County and Rochester, New York illustrate two widely different approaches: 1) public/private-sector task forces and 2) interagency staff teams.

- The Los Angeles County Children's Planning Council chose the former approach. It convened a 27-member interdisciplinary team in order to discuss principles and criteria for selecting results and to make recommendations on the results and indicators the county should track. Because it realized the complex efforts needed to improve results for the children of Los Angeles, it consciously sought to involve people with very different perspectives, training, and experience. The committee was chaired by a university-based member of the Planning Council and included participation from public agencies, advocacy groups, higher education, foundations, the United Way, and the press. Data experts were included in the team, but did not dominate it. A consultant to the Planning Council on community planning processes was also available.[10]

- The Rochester Change Collaborative has relied on the work of an interagency staff team. The Change Coordinating Team is composed of mid-level managers from the Collaborative's key partners: the City of Rochester, the County of Monroe, the Rochester City School District and the United Way. A Subcommittee on Outcome Measures, representing each of the partner systems, managed the work. The subcommittee involved their respective systems' data collection and research and evaluation experts, as well as private-sector analysts. The design and composition of Rochester's choice reflect the systems-based nature of Rochester's Change Collaborative. It was also motivated by Rochester's conscious decision not to "delegate out" responsibility for reengineering its systems to an intermediary group. Instead, Rochester officials chose to locate responsibility for changing priorities and setting new directions directly within the systems that must do the changing. This approach was a way to accomplish what the Change Collaborative was committed to doing: reorganizing their priorities and working together.

These two approaches each have strengths and weaknesses. Interagency staff groups may be more easily convened, and may operate more efficiently, than citizen-based panels. Large, public/private-sector working groups may require especially artful leadership in order to avoid getting bogged down in irreconcilable differences. As one state official working to implement change put it, they also require strong staff "with a temperament for testing ideas in public; who can work back and forth with people who are busy and who can listen hard and know what to forget." Public/private-sector working groups have the important advantage, however, of bringing a broad range of community perspectives more directly into the decision-making process.

Question #3: Where Do We Start?

How does a working group tackle the job of developing results and indicators? The final product needs to reflect community values, but the process must be manageable and finished in a reasonable amount of time. Leaders must consider whether the working group needs to start from scratch to generate a set of results and indicators, and must determine how inclusive the process will be, or whether it can begin with a working list based on the work done in other states and localities, and adapt it as needed. Some of the factors that can make a difference have to do with the scope of the initiative and whether prior work has been done on developing a basic vision and/or results.

Starting from Scratch

Minnesota and Florida provide two variants on the "starting from scratch" approach. Both initiatives had a very broad focus. Each knew that they wanted to identify where the state wanted to go across a full range of government activities, not just those having to do with children and families. These initiatives were designed to establish their state's overall vision for the future, as well as to select results and indicators by which to measure progress. Minnesota's largely staff-led effort developed a labor-intensive, bottom-up strategy to develop a statewide vision that citizens would feel that they owned. In Florida, its citizen-led working group took on primary responsibility for establishing the parameters of a state vision, with input from members of the public at open working meetings.

- In early 1991, Minnesota Planning, a strategic and long-range planning agency with a director appointed by the Governor, was charged with creating a long-range plan for the state based on results, and stimulating public interest and participation in the process. An advisory group including 11 citizens was formed to give guidance and suggestions, but authority for the process and final decisions was located in Minnesota Planning.
- This largely staff-led effort decided to go with "a blank piece of paper" and talk directly to as many Minnesotans as possible about their vision of the future. In a process that lasted more than a year, well-publicized town meetings were held in 15 locations across the state. Trained staff facilitators used newspapers and discussions to identify major themes important to most citizens. The staff then compiled these lists into a draft document that included results and some indicators. After a six-month period of community review and revision, 20 broad results (called "goals") and 79 indicators (referred to as "milestones") were selected. Some 3,000 people participated in public meetings, and more than 10,000 played a part in the development and review of the first Minnesota Milestones report.
- Florida's 15-member citizens' Commission on Government Accountability to the People (GAP) was appointed in 1992 by the Governor and established by statute in 1994. GAP's Benchmark Committee, chaired by a corporate CEO, also chose to start from scratch in developing a broad set of themes. In a modification of Minnesota's

approach, however, the areas and topics in Florida were developed by the committee itself—in open meetings that welcomed public participation—rather than culled from an extensive set of community forums. In early 1996, the Florida Benchmarks Report was issued, covering seven major areas of concern, with 134 results (called "topics") and 268 quantitative indicators (called "benchmarks").

Using a Working List

For initiatives concerned primarily with child and family issues—and where there is a broad vision and perhaps a set of core results in place—it makes sense to take advantage of the many individual lists of results and indicators that have already been developed. This guide, for example, contains several. Many of them have notable similarities and address fundamental concerns that are important to most communities. Other suggested lists with useful annotations have been developed by national groups.[11] Internet access can expedite finding this information.[12] Constructing a working list based on examples of results and indicators developed in other jurisdictions can help to jump-start working group discussions, give them focus, and save time.

In Los Angeles County, for example, the working group began with a suggested list of results and indicators developed by Joining Forces, a national project to support collaboration between education and social welfare sectors. In Georgia, a long list of possible indicators based on a graduate student's literature review of indicators efforts across the country became one of the Task Force's basic working documents. A number of jurisdictions used national and state-level Kids Count reports to take advantage of important existing work on developing indicators.

Building a working list, however, should not only incorporate indicators from national lists like Kids Count or those developed by other jurisdictions. As we discuss more fully under Question #7, it is imperative that working lists reflect local work on developing indicators as well. In numerous communities, groups like the United Way and community-based collaboratives may have already made significant progress toward a thoughtful indicators list.

It is also important to remember that developing a working list is only the first step in building a politically credible framework. As the remainder of this guide makes clear, debating and reshaping these lists, evaluating them according to the group's own criteria, setting priorities, and winning broad-based acceptance for the final product are what will make the process real. It makes sense to benefit from work that has already been done on developing indicators; however, as one city participant put it: "We soon found out that everything we needed couldn't be borrowed."

Question #4: What Criteria Should We Use in Selecting Results and Indicators?

Working lists can quickly become laundry lists. A wish list of results can grow with dizzying speed. The number of indicators can easily outstrip the number of results by a factor of 10, 20, or more. Everyone at the table has their own insight on what is needed to measure progress, or a special piece of data they want to use. But choices must finally be made. The final list must not only be short enough to be easily used it should be logically complete. It must communicate powerfully and clearly to many audiences, and emphasize the potential of children and families, as well as problems.

Using some variant of the following set of criteria can help to ensure an effective final product. Every item that stays on the final list should stack up well against the following criteria:

Communication Power

Each result and indicator must "strike a chord" with everyone from parents to politicians. Results and indicators, must help to convey a commitment that is readily understood, positive, and pragmatic. Some questions to ask in evaluating potential results and indicators include:

1. Do the indicators pass the "public square" test? Imagine standing in a public square and having to explain to a crowd of people each one of the bottom-line conditions of well-being for children that are on your list. Which few pieces of data would you use to clearly explain each result—quickly and before the crowd got tired of listening?
2. Would the results capture what we want for our children, not what we don't want?
3. Are they essential? Results should capture the fundamental conditions of well-being that we want for all children, rather than an exhaustive list of every possible advantage.

- In Minnesota, for example, one indicator that emerged from community meetings called for the "retention of the family farm." Minnesota's Planning's Advisory Team questioned its inclusion. Although, this indicator was important to some citizens, it was considered less than critical for the state as a whole, and subsequently was dropped from the list.

Proxy (or Predictor) Power

This criterion looks for results and indicators that will fit together into a coherent framework. It evaluates whether—and how well—an indicator serves as a "stand-in" for 1) a result and 2) other indicators moving in the same direction. It asks:

1. Is there a strong and established relationship between the indicator and the result it is intended to measure? Would improvements made on the indicator be accepted as reasonable approximations of progress toward the result? In other words, is the indicator a good predictor of the result it is intended to measure? Is there research evidence to support this connection? If not, is there common-sense linkage? Emerging research, for example, suggests that 3rd-grade reading scores show a strong correlation with graduation rates. Given the choice, it would make more sense to pick this measure as an indicator of school success than, say, the percent, of children enrolled in Chapter 1, a much less powerful predictor.
2. To what extent does the indicator act as a proxy for other indicators moving in the same direction? Lengthy indicator lists can be substantially pared down by looking for the one major indicator in which movement will mean progress in a herd of lesser ones.

- In Hampton, Virginia, the Family Resource Task Force considered using the rate of substance abuse by pregnant women as an indicator for healthy children. Eventually, however, the group decided that there was not enough research to reliably support the correlation. They also decided that using low birth-weight as an indicator would exercise a far greater "herd effect."

Data Power

This criterion evaluates indicators based on whether data to measure them are 1) valid and reliable, that is, that they accurately and consistently measure what they say they measure; 2) routinely collected at an appropriate level; and 3) accessible without a significant time lag.

As the following illustrations suggest, and as we discuss in the next section, finding indictors of sufficient quality and timeliness is not always easy.

- Vermont's State Team for Children and Families was anxious to use domestic violence as an indicator of family stability, but could not find an adequate measure. Court records were suggested. However, on consideration, it became clear that large numbers of cases were settled, dropped, or dismissed before they ever came to court. Thus, the measure of court records was viewed both as unreliable and vastly under-representative. The working group decided to keep looking.
- Minnesota Planning initially thought about using the number of people utilizing food closets as a measure of well-being. On second thought they realized that utilization rates could be affected as much by the availability and access of the pantries themselves as the need of the people using them. They realized that they needed more a valid measure.

We encourage readers of this guide to come up with their own criteria, keeping in mind the importance of communication power, proxy power, and data power. Other discussions of criteria useful in selecting results for children are available and may be helpful to jurisdictions in refining their own thinking.[13] The following list notes the criteria of some of the initiatives profiled in this guide:

- The Georgia Children's Policy Council agreed to a set of four criteria including: 1) a bias toward prevention; 2) strong scientific evidence; 3) available data updated regularly at the county level; and 4) compatibility with other state results lists (e.g., Kids Count).
- Vermont's Interagency State Team developed a three-criterion list. They looked for indicators that 1) are readily understood by the public; 2) act as proxies for other indicators; and 3) for which reliable data are available, at the supervisory union (or school district) level, if possible, preferably on an annual basis.
- Florida's GAP Commission developed a nine-item set of criteria drawn from the performance-management literature. The list included outcomes-orientation, reliability, availability, accuracy, utility, comparability, and sensitivity.
- The Los Angeles County Children's Planning Council's principles for outcome measurement can easily be translated into criteria. The full set of principles is included in the Appendix.

Question #5: What are Common Problems in Data Collection, and How Can We Handle Them?

We are well aware that the neat and tidy selection criteria just discussed—even with the brief "stories" we have included as illustrations—do not convey how arduous a task it can be to sort through potential indicators. In many cases, a good bit of legwork will be needed to track down potential measures, which may or may not turn out to be the right ones. There are two major difficulties in finding a sufficiently powerful set of results and indicators: The first has to do with managing the sheer volume and complexity of the data; the second arises from the nature of the data themselves.

- Rochester's Change Coordinating Team, for example, wanted to use the percentage of 16-to-24 year-olds in school or working as an indicator of young people avoiding risk behaviors. They selected it because it represented a broad and positive measure, and assumed that the school district would have the data. The school district representative did some checking and found that the school district did not.

Inquiries made at the U.S. Department of Labor also turned up empty. The source of the indicator was finally located at the U.S. Census Department. After considerable searching, committee members realized that the data needed to measure the indicator were collected only once every ten years and would take a number of years to be reported. They decided that they needed an indicator that they could track much more frequently.

Managing the Data

Getting a handle on the data that is out there—not to mention the data that is *needed*—is no small matter. There is no comprehensive children's data base that gives a quick survey of what's available. Instead, working groups need to identify the people who develop, collect, and use data in important areas. Agency personnel, advocates, and planning—and research and development staff—as well as private-sector and non-profit analysts often will know exactly what the data are designed to measure, what limitations they have, how often they are updated, and whether they are likely to be a good fit with each result and indicator. Members of the working group will often include some of these people, who are a first good source of information. Even so, the sifting and sorting of data will be considerable.

Set Parameters. A useful strategy in managing data collection is to set some parameters for the process and then stick to them. Decide in advance on a reasonable number of results and indicators, next devise a work plan with "drop dead" dates for finishing key parts of the work. The success of a time-frame strategy, however, depends on a realistic schedule, adequate staff support, a strong sense of commitment from participants, and an ability to keep moving forward while continuing to tie up loose ends in prior assignments.

- The chairperson of Georgia's Task Force on Accountability established expectations early on: The group was charged with developing a framework that had no more than 25 indicators for the five results already adopted by the Policy Council. A minimum number of meetings were anticipated and a completion date was assigned. The work was accomplished over a six-month period with five Task Force meetings and behind-the-scenes work by Georgia Policy Council staff. Based on a work plan developed by the staff and approved by the Task Force, the process moved through several steps: 1) setting the criteria for selecting indicators; 2) developing a working list based on input from a literature review and talking with experts; 3) prioritizing indicators; 4) seeking community input; and 5) revising the indicators. As one staff participant put it, "We knew that we could have continued this work indefinitely, but we didn't have the luxury of taking two or three years. We took our best shot, knowing that data bases are always changing and that we would be able to come back and make improvements."

Use Simple Decision Tools. Sorting through reams of data and keeping track of preferences in an iterative process are exacting and time-consuming. Indicators are frequently discussed more than once, as new data are identified, then revisited with respect to an altogether different result.

A simple decision matrix can be very helpful in keeping track of evaluations made along the way. A number of working groups have developed worksheets that lay out indicators for each result down one side of the page and their decision criteria across the top. These formats visually display how each indicator stacks up on its own against each criterion, as well as in comparison to others.

Another useful approach is to group indicators into levels or tiers according to the power of the data available to measure them. Twenty or more indicators can easily be listed for a given result. Yet not every indicator can be measured equally well. Therefore, three or four primary indicators should be selected to represent what a result "means" in measurable

and measured terms. But those that are not selected as fitting into this first tier should not be discarded. These indicators can be placed on a second list for use later in the process. A system of tiers ranks indicators according to their technical power, but keeps them in play until political decisions can be made. A third list of desired indicators where data needs to be developed or improved can serve as the "data infirmary" and provide the basis for a data development agenda. Over time, group may add or move indicators from one list to another within this structure.

- Hampton, Virginia, developed a two-tier system and incorporated it graphically into its decision matrix. They made "above the line/below the line" distinctions by dividing the page horizontally into two sections. Indicators that did not perform well against key criteria were moved "below the line" but kept on the page. This simple technique allowed the group to make evaluations but to keep indicators "in play" to consider later on.
- Vermont divided its indicators into three groups according to whether measures 1) were reliable and available at a county-wide or sub-county level across the state; 2) were reliable but not consistently available; or 3) relied on qualitative measures collected and managed locally. They gave preference to first-tier, indicators, but retained the others to help them think about "next generation" measures and how better data could be collected.

Addressing the Lack of Useful Data

A more challenging problem in finding a set of useful indicators stems from the nature of the data. First and foremost is that for many possible indicators, there simply *are* no data. An indicator like parent involvement, for example, considered by many to be essential to school success, is not something that states or even school districts have routinely been called on to measure.

In addition, many potential indicators are measured by inputs rather than by results. It is easier, for example, to find a statistic that gives the number of beds available for foster care placement than to find out how many children who have passed through the system are now permanently living in stable families.

Finally, many of the indicators for which we do have data rely on negative measures for positive results. Indicators of good health for children, for example, often include measures such as the number of drug-exposed births, infant mortality rates, the frequency of teen births, and infant death rate, among others. These measures keep us mindful of important problems that need fixing, but deflect our attention from creating the conditions in which children thrive. As one memorable phrase puts it, "problem-free is not fully developed."[11]

These limitations are grounded in an American tradition of social policy that says "if it's broken, we can fix it," rather than in an American entrepreneurial tradition that says "we can do it better." They are perpetuated as well by agency-based data systems designed to meet quite narrow administrative and political needs. Public information systems have never been asked to create and track more useful measures of what states and localities think are important for children. And so they have not.

What can be done? Letting the light of day shine on these gaps and inadequacies may be the best corrective. Until citizens and policy-makers begin to look, they won't have any way of knowing what data are being collected with taxpayer's money or take steps to buy anything better. In one state initiative, a legislator involved in defining results and indicators expressed outrage when he was told that data for a specific measure of employment success were not being tracked. A state agency staff member put it simply: "Give us the money and we will."

In the meantime, jurisdictions can do at least three things: 1) recast their language and their thinking as much as possible to present a positive picture of children and families; 2)

develop new, positive indicators; and 3) develop near-term, low cost techniques to approximate desired data. Surveys of carefully selected sample groups can be used, for example, to approximate immunizations, parent involvement, and preschool attendance rates, as well as other indicators for which community-wide data are often unavailable.

- Vermont believes in positive thinking. Participants in Lamoille County's People in Partnership coalition have tentatively agreed on three broad results: 1) young people who are successful in school; 2) young people who are successful in communities; and 3) young people who demonstrate caring behaviors. At the state level, Vermont's State Team for Children and Families decided to give a more positive tone to an indicator on many working lists: "adolescents avoiding high-risk behaviors." They changed it to "young people choosing healthy behaviors," using the term "young people" instead of "adolescent" to broaden the age group of concern.

- Rochester's Change Coordinating Team developed a two-pronged strategy to measure substance abuse, an important indicator for which no good county-wide data were available. First, the school district, a key partner in Change, agreed to conduct a Youth Risk Behavior Survey on a bi-annual basis in all the high schools. Second, the Committee worked with state officials responsible for collecting regional data on substance abuse to make a special exception and to break out data specific to the Rochester City School District.

Question #6: How Do We Resolve Conflict and Make Final Decisions?

Even in the most efficient process, there will be intense give and take in the selection of results and indicators. This is because the process of moving from a working list to a consensus list is only partially technical. It is hard to exaggerate the extent to which developing a results-and-indicators framework is a political and often contentious undertaking. According to one participant in a state effort: "Everything is always an argument. Everyone fights over every word. What everyone wants to know is if there is an indictor that will affect them."

People in cross-sector working groups and oversight bodies bring—by design—a wealth of values, cultural experience, religious perspective, education, and professional backgrounds to these conversations. Talking about children and families gets to the core of what most people believe in and hold most dear. "Data types" involved in the process introduce their own strong concerns about what is acceptable. It is not surprising that discussions about the "seemingly objective data" that we choose in order to help establish and measure our expectations for children "generate a great deal of heated debate."[15]

The challenge at this stage of the process is to negotiate a consensus list that everyone can support, not just accept because they've gotten tired of fighting. The process must not only come to a timely end, it must bring participants to agreement. A variety of steps can be taken to minimize conflict and negotiate a broadly owned list.

Establishing Clear Expectations

At the onset, there must be a clear distinction drawn between indicators of broad, community-wide results, and performance measures of specific agency or programmatic activities. Agency participants, in particular, need to understand that the indicators that they are selecting will not be used to evaluate their day-to-day operations.

Continuing efforts must also be made to help advocates, agency personnel, and others who bring special interests to the table to feel comfortable with the process. They need to understand that every individual issue cannot reasonably be spelled out in a single list of results and indicators. They must be assured, however, that a well-crafted list will be broad

enough to allow consideration of a wide variety of strategies and interventions in subsequent stages of results-based budgeting.

Clarifying the Issues

When disputes arise, it is helpful to sort out the areas of disagreement and possible options and lay out the consequences of coming down on either side of the issues. Participants then have to decide what really counts. This kind of "heads up" strategy can be very useful in resolving disputes in which political and technical considerations are intertwined.

- Georgia's Policy Council, for example, was committed to its criterion of selecting only indicators for which there were statewide data. On the other hand, the community collaboratives and other groups that it had asked for feedback strongly requested the inclusion of indicators for which there were no data, like youth substance abuse or accessible child care. The group had to balance the costs of using less-than-rigorous data in specific cases against the possible consequence that communities would not continue to support a process which disregarded issues that were so important to them. The Council decided that adopting a list that everyone could believe in was its first concern. It decided to include several indicators for which there were no data, and by so doing to call attention to the need for better measures in the future.

Negotiating Agreements

In some cases, making the terms of the dispute clear is not enough to resolve the matter. Frequently, negotiation is necessary to arrive at an agreement that has something in it for both sides—the oft-cited "win-win solution." The person best suited to broker a win-win arrangement is often someone who has had experience on both sides of the issue.

- The Vermont team hit a roadblock that boiled down to one pivotal question: "To what level can you break down data and still be assured that it is statistically significant?" Some agency staff responsible for ensuring high-quality information did not want to report data for sub-county jurisdictions. Community representatives and others on the team, however, were concerned that relying only on state or county data obscured important within-county variations and thus made the data less useful at the local level. A member of the team who had formerly been a state health department statistician, and who understood agency concerns negotiated a compromise. The team agreed to collect data at the school supervisory union (school district) level because it was small enough to be considered "local" and large enough in most cases to be reliable.

Developing a Series of Decision-making Strategies

Another way to minimize controversy and make tough choices among indicators is to establish one or more decision-making strategies. Narrowing down an extensive working list into a politically credible final product may require a variety of approaches. Consistently referring back to criteria established by the group to organize data and make determinations about their power is an essential first-order strategy. Another useful protocol may be to exclude any indicator which at least one participant, after reasonable discussion, still cannot accept. This ensures a base-line consensus. Rank-ordering is a third strategy that can be useful in establishing priorities and narrowing down lists that are still too long.

- Designing a rank-ordering strategy can pose its own difficulties. The first attempt of Iowa's Council on Human Investment to prioritize its proposed benchmarks did not deliver the information needed to do the job. Research polls were conducted asking Iowans to evaluate the importance of each indicator on a scale from 1 to 5. When the

results were tabulated, most indicators showed up as 3's—of moderate importance. No useful distinctions emerged. In a second effort, surveys asked people to rank the importance of each indicator relative to the rest of the list.

- A "critical factors" analysis proved an essential ranking tool for Georgia's Policy Council. Even after its Task Force on Accountability had assessed its initial working list according to four selection criteria, more than 40 indicators remained. It devised a "critical factors analysis" to prioritize its indicators and bring the list down to no more than five for any one result. Since many of the indicators reflected problems that Georgia wished to address, Task Force members were asked to rank each indicator according to 1) the magnitude of the problem and the extent to which it affects the state budget; 2) the seriousness of its consequences and the costs of letting it go untreated; and 3) the feasibility of correcting the problem given, the current state of technology, knowledge, and resources. Two rounds of ratings were used. In the first round, members individually rated each indicator. Then the list was aggregated and discussed by everyone. A second round of ratings established the group's final agreement.

Question #7: How Can We Use the Process to Build Support with Diverse Constituencies?
An effective results-and-indicators framework is politically credible. It gains legitimacy when diverse groups feel that it captures the conditions essential for the well-being of children and families, and points to areas where public and private action are most needed. As such, it has the support of overlapping constituencies, including those who hold major resources and those who vote.

The process of building a constituency begins in the earliest stages of moving toward results-based accountability. This guide suggests that in deciding who should be in charge of such an effort jurisdictions should look to—or create—an oversight body that is supported by both the executive and legislative branches of government, and includes the participation of elected officials from both major parties. Equally important is the inclusion of a broad cross-section of corporate, civic, and religious leaders with roots in a range of cultural, racial, and geographic communities.

A second opportunity for constituency building comes as initiatives make decisions about the composition of working groups. Whether they be subcommittees of public-private oversight bodies or cross-agency working teams, working groups would be wise to incorporate the views and perspectives of key constituencies.

A third opportunity for constituency building comes as state, county, city, and community initiatives make decisions about how to engage the public in the process of selecting results and indicators. Some initiatives directly involved thousands of residents in establishing statewide results, collecting information through town meetings, polls, and surveys. Others began with lists of results and indicators, narrowed them down, and then asked for public comments from both the general public at open sessions or from community collaboratives.

Building a constituency begins by taking advantage of these three opportunities. But it should not end there. Adopting a political credible list of results and indicators is an ongoing process. It establishes new relationships and a set of attitudes, expectations and commitments about our children, and how we use our resources, that grow over time. Developing a constituency that shares these expectations and commitments requires continuing attention to: 1) building bipartisan support; 2) establishing links with existing data collection efforts and key community organizations; and 3) encouraging localities to use and develop their versions of results and indicators.

Building Bipartisan Support

Short-term election cycles frequently have a destabilizing effect on long-term agendas. Term limits compound this problem. Even initiatives that are well grounded politically must spend time cultivating the interest and support of newly elected and returning officials on both sides of the aisle.

Incoming policy-makers in state government, county councils, or city halls may not be aware of efforts already under way to move toward a results-based accountability system. In other cases, there may be awareness and even interest, but other issues may be higher on policy-makers' lists of priorities. Steady communication is needed to bring policy-makers of both parties "up to speed," keep them informed, and help them see the value of becoming involved.

Nor should old friends be taken for granted. Returning supporters provide the stability and institutional memory that make it easier for new participants to get on board. Continuing public appreciation of the work of old supporters and understanding the limits on their time, while frequently seeking their advice, can play a part in broadening and deepening their participation. Adopting an initial set of results and indicators only begins the shift to results. Policy-makers well versed in the strategy and tactics of the political process and the minutiae of the budget process are essential to push the process forward.

- In Iowa, members of the Council on Human Investment engaged the interest of legislators in results-based accountability by appealing to their self-interest. They led off with a simple question: "What kind of stories do you want to take home: how much money your programs cost, or what they accomplished?" Once elected officials understand that a results-based system can help them communicate more honestly and effectively with their constituents, then they are more likely to support the adoption of a community-wide set of indicators and to use them in requesting data, evaluating performance, and approving budgets.

Establishing Links with Existing Data Collection Efforts and Key Community Organizations

Any jurisdiction attempting to adopt a politically credible list of indicators should seek out the help and participation of other groups on whose work they might build. These projects and the people involved with them can build links to a variety of constituency groups.

Many of the institutions sponsoring these activities are highly regarded fixtures in their communities. Others have acquired legitimacy based on the value of the information they deliver. United Ways, for example, and other civic organizations have long been involved in conducting environmental scans and developing single-point-in-time snapshots of where a community stands on given issues. National initiatives like Goals 2000 and their state and local counterparts have set expectations for educational attainment. Coming even closer to a results-and-indicators framework is the work of the national Kids Count project, which compiles annual state-by-state profiles of the health, economic, educational, and social condition of children based on the best available data. In many cases, there are also state-level Kids Count projects that are designed to develop local indicators and strategies to improve results for the most vulnerable children.

States and communities undertaking a comprehensive strategy to move toward results-based accountability should make conscious efforts to build on and ensure compatibility with the work already under way in their jurisdictions and to speak directly to the constituencies that they have already developed. Every effort should be made not to alienate these potential partners by ignoring their existence or underestimating their contributions. Conversely,

initiatives should have a clear sense of purpose and be ready to negotiate compromises when questions arise about how to incorporate prior work.

- Some jurisdictions, including Georgia and Rochester, regarded compatibility with existing data measures as a primary criterion for selecting indicators. Georgia's protocol required consideration of work conducted at the both the state and local level by Kids Count; the Council for School Performance; the Savannah Youth Futures Authority, a local community collaborative; and the Governor's Council for Economic Development.

- In Rochester, the United Way is one of the Change Collaborative's four permanent members, so United Way data were a key part of the Coordinating Council's data collection process. Deliberate efforts, however, were made to synchronize work with the New York State Kids Count project being developed at the same time, in order to ensure a compatible set of indicators. The Coordinating Council also drew on a recent "state of the city" report developed by a private research and analysis outfit. This firm became an important source of technical assistance and was later asked to establish historical baselines and track progress at the city and neighborhood levels.

- In Minnesota, inclusion of other efforts led to a useful discussion about the balance that an effective framework should strike among social, health, educational, economic, and other indicators. In one state agency, work had already progressed quite far on an extensive set of economic indicators. There was considerable feeling that they should all be included. The question became: "How and to what extent should these indicators become part of a comprehensive framework on statewide well-being?" Minnesota Planning, the state agency responsible for developing the list, then consulted with its Advisory Committee. Members negotiated a solution in which a selection of the most important indicators were included in the body of the final report. A complete discussion of a statewide "economic blueprint" was included as an appendix.

Encouraging Localities to Use and Develop Their Versions of Results and Indicators

The most important constituencies—and those that need to be most carefully nurtured—are communities and neighborhoods themselves. Improvement in the conditions of children and families starts and ends at the local level. That is where children and families live, and where solutions must take hold. According to one participant at the state level: "Central to all this work on results and indicators is a radical belief that communities can organize themselves to change direction." The Los Angeles County Children's Planning Council put it simply in a strategic planning document: "Wonderful, difficult, and—in some cases—astonishing work is happening in communities. ... This work must be supported, continued and expanded."[16]

A successful initiative to improve results for children and families is a community effort that must take place at both the state and local level. Localities are where priorities must be set and solutions owned and implemented. State-initiated efforts need to consciously encourage localities to adopt or adapt statewide measures and to incorporate these measures in their own strategic planning. States have the resources and bear the full burden of accountability; they also have the capacity to resolve policy barriers that may impede progress. Wherever they are initiated, results-and-indicators frameworks can provide the glue to create—not mandate—equitable state and local partnerships.[17]

- Georgia is one of a growing number of states that are developing formal mechanisms for encouraging localities to develop and use results-and-indicators frameworks.[18] Legislation authorizing the Georgia Policy Council for Children—the oversight body charged with establishing results and indicators—also called for the creation of local community partnerships. Communities with a strong track record on a set of

readiness criteria have agreed to work on a core set of results based on a statewide framework. They will be expected to develop a strategic plan to achieve core results in return for more flexibility in pooling resources across systems. Joint efforts are under way to clarify mutual expectations about state and local roles in the partnership and to make it easier for communities to collect and use state-level information.

Whether or not formal state and local partnerships are in place, it is essential that results and indicators framed at higher levels be perceived as useful in local decision-making. States and localities have experimented with a variety of ways to do this. Some of these strategies have been discussed in different contexts elsewhere in this report.

- Listening carefully to community and neighborhood feedback about what indicators should be selected and acknowledging and/or making accommodations to include them. Doing so sends a powerful signal to localities that adopting this list is not just another bureaucratic exercise.
- Presenting data that paints an accurate picture of local conditions. Whenever possible, data should be disaggregated to show important variations by age, racial group, and other dimensions that may be hidden in unified measurements.
- Taking steps to assist local initiatives with their data needs, whether local indicators are on the state's list or not.
- Making information easily accessible. A number of jurisdictions are using a variety of formats to build awareness of results and indicators, including: "hard-copy" documents available for free; short summaries or "rack reports" available at supermarket checkout lines and bulletin boards in a variety of community locations; and, increasingly, information in down-loadable form on the Internet. Lamoille County, Vermont, is experimenting with a series of posters that list key indicators along with illustrations and tag lines that make them immediately hit home. On one poster that tracks county rates of child abuse and neglect over the past ten years, the caption reads: "Being a child should not hurt." The Georgia Policy Council also created and widely distributed posters identifying and highlighting results and benchmarks.
- Provide training and user-friendly backup materials to help people see what can be done with the data and to feel comfortable using it. In Vermont, a training module based on a hypothetical community case study has been developed to help people use data for decision making. So far, this capacity-building has been limited to working with local health department directors so that they, in turn, can help community groups use the data. In the future, staff hope to more systematically "train trainers" in interested communities.

Question #8: What Can We Do to Begin Using Results and Indicators in the Budget Process?

This is the question that brings the process full circle: Why develop a results-and-indicators framework in the first place? For two reasons: first, to set a clear direction for jurisdictions committed to making a difference in the lives of children and families; and, second, to provide a context in which to make tough choices about how to spend limited public and private dollars. Initiatives, however, can become so bogged down in the minutiae of creating a framework that this becomes an end in itself—the list becomes more important than the decision-making that it is intended to affect.

Some states and localities, however, are making notable progress. No jurisdiction is yet at the point where results routinely and consistently drive how public and not-for-profit budgets are managed and services are designed, but several strategies appear promising. Experience suggests that effective initiatives begin building connections between the framework process and the budget process at the earliest stages of their work. They develop and apply progressively more sophisticated tools, and they implement specific, often incremental, strategies for operationalizing the link between results and budgets.

Forge Connections Early

Results and indicators should not be developed in a vacuum. Parallel developments in state and local governments, as well as in other major institutions, regarding allocations and budgeting need to be taken into account. In a growing number of jurisdictions, for example, agencies are being required to develop performance measures. Initiatives need to find ways to ensure that state players are aware of statewide results and indicators and that they see the relationship between these measures and their own agency requirements. Making these connections can begin with issues as basic as who's involved—by including budget staff and the financial community from the onset.

- In Georgia, members of the Results Accountability Task Force included a former director of the Governor's Budget Office. Having been closely involved with earlier efforts to implement performance-based budgeting, he helped the group grasp the difference between agency-level performance measures and statewide results. The Task Force then worked with people responsible for developing state budget instructions in order to agree on common definitions and to see how the two processes could fit together.

Setting expectations that results will be used as guidelines in developing agency spending plans is a necessary but insufficient strategy for tying results to budgets. Budget appropriations should eventually be approved on the basis of how directly they respond to key indicators. Other papers in this series will explore how this can be done. But even in the early stages of moving toward results-based budgeting discussed in this paper, it is clear that making the link between results and budgets requires strong leadership and explicit budget tools.

- Leadership in Multnomah County, Oregon, for example, has used the annual county budget to formalize the county's commitment to making progress on specific, "urgent" indicators. The county budget document has been used to show the relationship between results, indicators, strategies, and the county's current and future funding agenda. Although these relationships are not yet deeply embedded in the county budget development process, forging these early links strengthens the county's ability to make the longer-term transition to results-based budgeting.

Develop and Refine Indicator Tools

A simple results-and-indicators list—no matter how politically credible—is not powerful enough to drive the budget process by itself. Conscious efforts must be made to use the list as the basis for developing a set of tools that are strong enough to reshape decision-making. In its first and simplest iteration, a list of results and indicators can be used to inform an annual status report—a single-point-in-time description of community well-being on selected measures. Many initiatives are working at this level. At a second level of work, baseline measures and historical trends can be added to put current conditions in perspective and to develop the framework's ability to forecast trends if current conditions continue. At a third level of work, the framework can be used to track progress against baseline measures on a frequent basis. This guide concentrates on the first level of application. It is important,

however, that jurisdictions recognize the importance of systematically refining their efforts and creatively using, rather than statically revering, the frameworks that they have created.

Work Incrementally

In most cases, tangible links between results and budgets are best forged incrementally. Some jurisdictions may have the political will and management capability to begin shifting their entire budget to results-based accountability all at once. Many others may wish to begin by earmarking a portion of available funding to a particular set of indicators, or to channel funds to localities that agree to work on priority issues.

- When explicit strategies are used to tie indicators to funding, there can often be pronounced state action. In one state budget cycle in Oregon, for example, a pool of some $100 million was created by across-the-board budget cuts initiated by executive action. The legislature then reallocated funds to agencies whose budget proposals addressed "urgent" indicators—those considered to be the state's most pressing problems. A notable shift in priorities occurred as a result.

- In another focused effort, Oregon created a Commission on Children and Families to coordinate state-level child and family policy and local service delivery around 11 state-specified indicators. It disbursed approximately one percent of the total state human resource budget in discretionary funds to local commissions in each of the state's 36 counties. Local commissions set their own priorities. They can use state funds however they decide, as long as their local service system plans emphasize wellness and are aligned with one or more of the 11 child and family indicators that they select.[19]

- Leadership originating at the local level can also push the envelope toward results-based decision-making. In Rochester, New York, partners in the Change Collaborative signed a joint agreement to begin using results and indicators to allocate resources in their respective systems. Instead of funding agencies, the United Way is conducting a pilot project designed to fund results. First, it created a pool of money from performance-related and across-the-board- budget- cuts. Then it made additional funds available to high-performing agencies to apply toward activities focused on selected results and indicators. County government, another partner in the Change Collaborative, is also starting to take action. Its Youth Bureau has made focused attention on specific community indicators a prerequisite for awarding contracts.

Question #9: How Can We Make Sure that the Process Keeps Moving Forward?

States and localities working to adopt a list of results and indicators need to remember that an effective framework is *intended* to be revised and updated frequently. While a politically credible list of results and indicators must be a sensitive reflection of essential community values, a first-round effort does not need to be a perfect informational tool. And, given the imperfect state of knowledge and available data—as well as changing community circumstances—it won't be. An ongoing process is aimed at developing progressively more accurate information embedded in increasingly more useful tools.

In many cases, for example, scorecards that report data on results and indicators are updated on an annual or biannual basis. This update by itself, however, is not enough to ensure a dynamic and self-correcting process. Some indicator reports track the same measures over several years, an approach taken to show trends over time across the same measures. In some instances, however, reliance on an unchanging set of measures may signal a shift from "process to project" and work that has gone on "autopilot." Unless the results and indicators used to create the scorecard are and continue to be the very best reflection of

community desires and the most useful indicators by which to measure them, consistency is probably no virtue.

As the state and local illustrations in this guide suggest, initiatives can do several things to ensure a constantly evolving and dynamic process. First, working groups charged with revising results and indicators are infused from time to time with new participants who bring fresh ideas, questions, and perspective. Second, effective initiatives continue to refine their understanding of how strategic planning and the budget process can be more closely linked. Then they apply that knowledge. Third, initiatives continue to solicit input from groups at all levels who use results. They are constantly looking for ways to measure what communities consider important. They think in terms of "next generation" indicators and how to measure them, as well as looking for better data to measure indicators already in place. Fourth, initiatives are not afraid to ask themselves hard questions and to open their process to public scrutiny and improvement. An impressive example of this last strategy is described below.

- At the current Governor's request, Oregon recently conducted a comprehensive review of its results-and-indicators framework, based on public testimony, research by staff, and survey information from state agency directors and administrators. The purpose was to recommend steps that should be taken to strengthen the state's ability to use results-based standards. Several subcommittees of the citizen-based Oregon Progress Board were asked to answer a series of key questions, including: 1) How well have indicators been integrated into state policy frameworks? 2) Who is using the indicators, and how can more users be encouraged? 3) Are the right numbers and kinds of indicators being measured, how can they be presented more effectively?

- The findings pointed to specific steps needed to strengthen Oregon's ability to use indicators as a decision-making tool.[20] As an example of Oregon's continuous improvement, action was taken and reflected in a revamped version of "Oregon Shines," the state's strategic plan. The revision reduced the number of benchmarks from 270 to 92 and focused state effort on three top goals: creating and sustaining high-quality jobs, caring communities, and healthy surroundings. This reconstituted state plan and the benchmarks used to monitor progress in key areas have been embraced by some of the state's most powerful public officials—and greatly improve the chances that Oregon will increasingly use results and indicators in budget and policy decisions. As one former legislative skeptic declared, "This is a plan for the future of the state."[21]

CONCLUSION:

LESSONS LEARNED

This guide ends where it began, with a simple question: How do communities, along with their governments, make sure that they are providing the basic conditions that all children need, not just to survive, but to flourish? Implementing that simple idea, given a set of institutions that have not been well designed to answer the question, is a complex undertaking. It depends on a day-by-day process of reinvention. The following cautionary advice, distilled from the experience of states and localities that are already well down the road, may be helpful as new jurisdictions decide to move forward.

- **Don't Expect to Get It Right the First Time.** Remember that an effective framework is both a product and part of an ongoing, strategic process. In selecting results and indicators, aim for the best approximation of "perfect" possible in the time allotted and then view feedback about imperfections as valuable field research. Maintaining a long-term view of the process helps participants to pace themselves and keep a

positive focus. Recognizing in advance that there will be continuous opportunities for improvement and that other tools to help decide on particular programs and strategies will be developed, also makes it easier to negotiate broad agreement among multiple special interests.

- **Watch Out for Techies!** Crafting a results-and-indicators list is primarily a political problem. Technical expertise is essential in collecting and interpreting data and evaluating the extent to which data for given indicators are strong, reliable, and accurate. But the indicators finally selected must also be true to community values. Unswerving allegiance to technical criteria may make for the most statistically sound framework, but one that falls short as a powerful lever for community action. When sufficiently strong data to measure indicators that communities consider of great importance are not available, strategic decisions about how to proceed should not be made on technical grounds alone.

- **Don't Oversell.** A results-and-indicators framework is only one tool in an overall strategic plan to improve conditions for children and families—not a panacea. Its existence won't automatically throw a switch that changes how people think, institutions operate, and budget decisions are made. Be clear about what results and indicators cannot be expected to accomplish on their own, and then spell out how they can help. What they can do is to provide a directional compass to help communities keep focused on where they want to go; serve as an anchor with which to ground their work and develop other decision making tools; and act as magnets that encourage collaboration among diverse interest groups and sectors of the community.

- **Balance Input with Manageability.** Aim for a short, positive list of fundamentals, not an unattainable wish list or a checklist of every conceivable problem. Enough work has been done on results for children and families so that communities do not have to start from scratch to build a list that is uniquely their own. Begin with a working list; decide on a limited number of indicators and a completion date; and solicit focused comments from community groups who are respected in the community and familiar with the issues.

- **Get Connected.** The heart of results-based accountability lies in tying results to budgets. Initiatives must link the broad range of efforts focused on improving the well-being of children at the local level and then connect them to the support and resources available only through state-level action. A dynamic process provides for local variations. It develops specific strategies for linking statewide results to community-based decisions about what results are most important and how progress should be made.

Finally, people need to get connected with their peers around the country who are working hard to make sure that all our children have a fair chance to succeed. As the stories in this report suggest, there are growing numbers of people in states and localities facing similar challenges who can learn from and help each other. We hope that you continue the conversations begun in this document, expand them, and share your knowledge with others.

ENDNOTES

[1] Friedman, Mark. *A Strategy Map for Results-Based Budgeting: Moving From Theory to Practice.* Washington, DC: The Finance Project, 1996. Available on the Internet at: http://www.clearlake.ibm.com/Alliance/clusters/cf/fin002.html.

[2] This discussion draws directly on: *From Outcomes to Budgets: An Approach to Outcome Based Budgeting for Family and Children's Services.* Washington, DC: Center for the Study of Social Policy, 1995. Draft version, pp. 3-6.

[3] Daniel Yankelovich, remarks at the National Civic League, 1995. Cited by Beverly Stein in a speech to the Portland City Club, January 12, 1996.

[4] *From Outcomes to Budgets*, p. 5.

[5] For an interesting discussion of how state governments are attempting to use information technology and to tie it more closely to broader management issues, see: Gurwitt, Rob. "The New Data Czars." In *Governing*, December 1996. Available on the Internet at http://www.governing.com/12cios.htm.

[6] Oregon Shines, 1989. Introduction by the Governor Neil Goldschmidt, p. iv. Also available on the Internet at http://www.econ.state.or.us/opb/os_intro.htm

[7] Case study on Vermont available at http://www.clearlake.ibm.com/Alliance/clusters/cf/vt.html or through http://www.clearlake.ibm.com/Alliance/casesrei.htm.

[8] *On Behalf of Our Children: A Framework for Improving Results.* Atlanta, GA: Georgia Policy Council for Children and Families. November 1994, p. 19.

[9] Cohen, Deborah L. "All Together Now." In *Communities*. Newsletter underwritten by the Annie E. Casey Foundation, n.p., n.d.

[10] See: McCroskey, Jacquelyn. "Monitoring the Metropolis: Conditions of Children in Los Angeles County," 1996, unpublished draft, and McCroskey, Jacquelyn. "Outcome Measurement for Family and Children's Services in Los Angeles County". Drafted for the Los Angeles County Children's Planning Council, 1992.

[11] See: Schorr, Lisbeth B., et al. *The Case for Shifting to Results-Based Accountability with A Start-Up List of Outcome Measures with Annotations.* Paper prepared for the Improved Outcomes Project, 1994. Available from the Center for the Study of Social Policy, Washington, DC.

[12] For a valuable resource in locating Internet resources connected to indicators, see: National Performance Review. *Reaching Public Goals: Managing Government for Results—A Resource Guide.* Washington, DC, 1996. This document provides information on Web sites, publications, and organizations involved in managing government for results. For a particularly relevant starting-off point on the Internet, see the Public Innovator Learning Network, managed by the National Academy of Public Administration, at: http://www.clearlake.ibm.com/Alliance/.

[13] For a discussion of other criteria, see: Moore, Kristen A. *Criteria for Indicators of Child Well-Being.* Paper Prepared for Indicators for Children's Well-Being Conference, November 1994, Bethesda, MD. Thirteen criteria are discussed, including comprehensive coverage; children of all ages; clear and comprehensible; positive outcomes; depth, breadth and duration: common interpretation; consistency over time; forward-looking; rigorous methods; geographically detailed; cost-efficient; reflective of social goals; and adjusted for demographic trends.

[14] See: Pittman, Karen J. and Michele Cahill. *Pushing the Boundaries of Education: The Implications of a Youth Development Approach to Education Policies, Structures, and Collaborations.* Washington, DC: Center for Youth Development and Policy Research, Academy for Educational Development, July 1992.

[15] McCroskey, "Monitoring the Metropolis," p. 7.

[16] *Improving Outcomes for Children and Families in Los Angeles County: Strategic Directions for Change.* Paper adopted by the Los Angeles County Children's Planning Council, 1996.

[17] For a detailed conceptual discussion of state and local linkages, see the following discussion draft: *Beyond Lists: Moving to Results-Based Accountability.* Washington, DC: Center for the Study of Social Policy, 1996

[18] Results Accountability Task Force. *Report to the Policy Council for Children and Families.* Atlanta, GA: Georgia Policy Council for Children and Families, 1995.

[19] Harvard Family Research Project. *Resource Guide to Results-based Accountability Efforts.* Available on the Internet at http://gseweb.harvard.edu/webinfo/research.html.

[20] Governor's Oregon Shines Task Force. "Key Findings and Recommendations for Improving the Oregon Benchmarks," 1996. Internal document.

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APPENDIX

Principles for Outcome Measurement for Family and Children's Services

Los Angeles County

1. Outcomes and indicators should be practical and results-oriented, clearly important to the well-being of children, and stated in terms that are understandable to the public. They should reflect the well-being of the whole child, rather than focusing on the parts served by specific service systems.

2. The overall outcomes sought should be expressed as positive expressions of child well-being, rather than the absence of negative conditions (i.e., *good health* rather than *decreased illness*). However, many of the indicators that measure those outcomes will be phrased in the negative because that is how data is currently collected.

3. Since no one indicator captures the full dimensions of the outcomes sought, each outcome should be measured by a set of indicators chosen from the most valid and reliable data available.

4. Indicators should be selected to reflect the overall state of our children, not the state of the service delivery system, although implications for the improvement of the current system of services should be derived from the regular collection and analysis of service delivery data. Indicators should, where possible, reflect the outcomes of services for families and children, and not just the existence of services.

5. Initial efforts should focus on a strategic set of outcomes and indicators that reflect concerns shared by the entire community, including policy-makers, service providers, and families. Efforts should begin with a limited number of outcomes and indicators that focus on child well-being, with the understanding that in subsequent years, indicators that reflect the well-being of families and communities may also be added.

6. The process of developing appropriate and practical outcome measures that accurately reflect the state of the county's children will be an evolutionary one, from which there is much to learn. Perhaps one of the most important steps is the clarification of the cultural and value foundations that underlie the process; the selection of outcomes and indicators that reflect goals shared by all groups is essential if the product is to be a meaningful picture of the state of the county's children.

About The Finance Project

The Finance Project is a national initiative to improve the effectiveness, efficiency, and equity of public- and private-sector financing for education, other children's services, and community building and development. With leadership and support from a consortium of private foundations, The Finance Project was established in 1994 as an independent, non-profit organization. It undertakes an ambitious array of policy research and development activities, policy maker forums and public education activities, and support and technical assistance activities.

The work of The Finance Project is aimed at increasing knowledge and strengthening the capability of communities, states, the federal government, non-governmental entities, and the private sector to implement promising strategies for generating necessary fiscal resources and improving the return on investments in children and their families. Its activities are intended to:

- Examine the ways in which governments at all levels, and the private sector, finance education and other supports and services for children (age 0-18) and their families;
- Identify and highlight structural and regulatory barriers that impede the effectiveness of programs, institutions, and services, as well as other public investments, aimed at promoting children's growth and development;
- Outline the characteristics of financing strategies and related structural and administrative arrangements that support improvements in education, other children's services, and community building and development;
- Identify promising approaches for implementing these financing strategies at the federal, state, and local levels and assess their costs, benefits, and feasibility;
- Highlight the necessary steps and cost requirements of converting to new financing strategies; and
- Strengthen intellectual, technical, and political capability to initiate major long-term reform and restructuring of financing systems, as well as interim steps to overcome inefficiencies and inequities within current systems.

The Finance Project's work is organized within three broad areas. Activities in each area build upon and inform the others:

I. Review and analysis of federal, state, and local financing strategies for education, other children's services, and community building and development.

Through a series of working papers and other studies, The Finance Project examines key issues and trends in federal, state, and local fiscal capacity and public expenditures

on behalf of children and their families and assesses strategies and challenges for generating fiscal resources, planning and budgeting public expenditures, and measuring the impact of public investments. It also examines the implications of relevant statutes, regulatory provisions, and judicial decisions for patterns of expenditure. Approximately 40 studies have been conducted and published to date.

II. Development of ideas, options, and policy tools.

The Finance Project organizes and convenes interdisciplinary working groups to serve as development and design teams for policy-relevant ideas, options, and tools for financing reforms. Additionally, it initiates and participates in collaborative efforts to mobilize the intellectual and technical resources needed to bring about positive change.

The working groups bring together individuals and ideas from many domains to identify and assess alternative approaches for generating necessary fiscal resources and improving the return on public investments; to develop options for more effective fiscal policies and streamlined administrative practices; and to design prototypes, models, tools, and materials to support their implementation in the years ahead. Three working groups are developing tools and options in the following areas:

- Strategies for Generating Revenue for Education and Other Children's Services;
- Results-based Planning, Budgeting, and Accountability Systems; and
- Financing Comprehensive, Community-based Support Systems.

Additional working groups formed as needed.

Led by the Finance Project, the Collaborative Initiative to Improve Financing for Young Children and Their Families, a group of national organizations, as well as selected state and local leaders who are involved in efforts to improve early childhood financing. They have undertaken a series of related activities to build a responsive support and technical assistance capacity to help "reform-ready" states and communities to advance their agendas:

- Clarify issues that are unique to financing community supports and services for young children and their families;
- Identify and assess promising reform strategies;
- Develop and distribute relevant policy tools.

III. Promotion of improvements in financing systems and strategies.

The Finance Project reaches out to an array of audiences that are critical players in the change process—including federal, state, and local officials; educators, human service providers, and community organizers in non-profit and quasi-governmental organizations; business and union leaders; academic scholars and foundation executives; and the media. The Finance Project has created a valuable central intelligence capability on financing issues and strategies, as well as a rich support and technical assistance resource for "reform ready" states and communities. Drawing on

the knowledge and tools that are being produced, the project's staff, consultants, and working group members work directly with state and community leaders in several ways:

- Facilitating direct connections with peers and experts who have relevant knowledge, expertise, and experience.
- Providing on-site learning opportunities.
- Producing tailored "how to" materials.
- Creating learning clusters.

In September 1997, The Finance Project was awarded a contract from the Child Care Bureau of the U.S. Department of Health and Human Services to work with the Families and Work Institute and the National Governor's Association to provide information and technical assistance to state child care administrators as they work with businesses, philanthropic organizations, and other groups to build and sustain partnerships. Initial activities will

- Identify and track existing practices for promoting public-private partnerships at both the state and community levels;
- Develop a series of written technical assistance materials to guide the formation and implementation of successful public-private partnerships; and
- Provide periodic updates to state child care grantees about information collected and produced.

The Finance Project extends the work of many other organizations and blue-ribbon groups that have presented bold agendas for improving supports and services for children and families. It is creating the vision for a more rational approach to generating and investing resources in education, other supports and services for children and families, and communities. It is developing ideas, options, and policy tools to actively foster positive change through broad-based systemic reform, as well as through more incremental steps to improve the effectiveness, efficiency, and equity of current systems. It also provides support and technical assistance to "reform ready" states, communities, and initiatives engaged in efforts to align their financing systems with their policy and program reform agendas.

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